

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
WASHINGTON, D.C. 20240

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EMS TRANSMISSION 07/21/2004
Instruction Memorandum No. 2004-215
Expires: 09/30/2005

To: All State Directors

From: Assistant Director, Minerals, Realty and Resource Protection

Subject: Use of Standardized Reclamation Cost Estimating Models in Determining Reclamation Bond Estimates

Program Area: Mining Law Administration, Surface Management

Purpose: This Instruction Memorandum (IM) provides policy on the implementation of standardized reclamation cost estimating models (spread sheets) for reviewing operator's reclamation cost estimates for Notices and Plans of Operations authorized under the 43 CFR 3809 Surface Management Regulations.

Policy/Action: To facilitate the review and approval of reclamation cost estimates, IM 2004-082, Change 1 provided guidance for developing and implementing a standardized costing process for notice-level operations only. Standardized reclamation cost estimating models are useful tools that provide a simplified, efficient, defensible and consistent means of estimating reclamation costs for both Notices and Plans of Operations. To ensure timely and consistent reviews of reclamation cost estimates for Notices and Plans of Operations, the Bureau of Land Management (BLM) State Offices are encouraged to develop and implement cost estimating models as long as they are consistent with Federal regulations and laws.

The standardized unit costs used in the models/spread sheets for Plans of Operations must be updated on an annual basis to ensure the cost inputs remain viable and defensible. In all cases, the established financial guarantee should be sufficient to fully reclaim the site, using a third party (43 CFR 3809.554).

If a State Office develops a standardized cost estimating model for the Field Offices use, State Offices should also provide guidance to the Field Offices in its application.

The cost estimating model will be made available to all operators. The use of the cost model is not mandatory. BLM may encourage operators to use this methodology in generating their cost estimate to help ensure a more timely review. Where requested, the Field Office should assist the operator in the understanding and use of the model/spreadsheet.

Nevada BLM is presently developing a standardized unit reclamation cost model. Upon its completion, the Washington Office may recommend it for bureau wide use.

Time Frame: This Instruction Memorandum is effective immediately and will be in effect unless formally modified.

Budget Impacts: There will be no negative budget impact. The purpose of this Instruction Memorandum is to improve workload efficiency.

Background: As required by regulation, an operator must provide the BLM an acceptable mine reclamation cost estimate when filing a proposed or modified Notice of Operations. The responsible BLM Field Office must review and approve the reclamation cost estimate. The operator must then post a financial guarantee sufficient to cover all reclamation costs as if BLM were contracting with a third party to reclaim the operation.

The time frame for the review process can be quite lengthy and may be inconsistent with the review time frames required by state regulatory agencies. In addition to delays created by the review process, what constitutes an acceptable reclamation cost estimate may vary significantly from Field Office-to-Field Office within each State.

Coordination: Office of the Solicitor, and Washington Office Solid Minerals Group (WO-320).

Contact: If you have any questions concerning this Instruction Memorandum, please contact T. Scott Murrellwright at (202) 785-6568 or Paul McNutt at (775) 861-6004.

Signed by:
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